

Message Text

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TO AMEMBASSY ATHENS PRIORITY

C O N F I D E N T I A L STATE 018393

EXDIS

E.O. 11652:GDS

TAGS:EFIN, GR

SUBJECT:QUESTIONS ON GREEK ECONOMIC SITUATION

REFS: (A) STATE 12819; (B) ATHENS 423

1. AS REQUESTED, FOLLOWING IS AN INFORMAL LIST OF QUESTIONS, THE ANSWERS TO WHICH WILL IMPROVE OUR UNDERSTANDING OF CURRENT AND PROSPECTIVE GREEK ECONOMIC SITUATION. IN ORDER THAT OUR OWN ANALYSIS MAY PROCEED EXPEDITIOUSLY, WE HOPE IT WILL BE POSSIBLE FOR GOG TO PROVIDE ANSWERS IN WRITTEN FORM, BASED ON MATERIAL ALREADY AVAILABLE OR BEING PREPARED FOR IBRD/IMF MISSIONS. WE APPRECIATE THAT THESE QUESTIONS ENCOMPASS A BROAD RANGE OF SUBJECTS AND WE ONLY EXPECT ANSWERS TO THE EXTENT INFORMATION IS READILY AVAILABLE.

2. EXPORTS

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(A) WHAT ARE PROJECTED EXPORTS, IN AGGREGATE AND BY MAJOR CATEGORIES, FOR 1975-77?

(B) WILL ANY PARTICULAR AREAS IN THE EXPORT SECTOR BE EMPHASIZED AS GROWTH TARGETS? WHAT ARE THE PROJECTIONS FOR THESE PRODUCTS AND WHAT ARE THE TARGET MARKETS?

(C) WHAT PETROLEUM PRODUCTS WERE FORMERLY EXPORTED? WHAT DOES ANALYSIS SHOW AS TO THE COMPARATIVE ADVANTAGES OF

RESUMING PETROLEUM PRODUCT EXPORTS VERSUS DIRECTING THEM TO THE INTERNAL MARKET?

(D) WHAT ARE EXPECTED ADVANTAGES TO EXPORT SECTOR RESULTING FROM CLOSER TIES WITH EEC IN 1975, 1976 AND BEYOND? WHAT ARE EXPORT PROJECTIONS TO EEC BROKEN DOWN BY PRODUCT?

(E) WHAT EFFORTS ARE BEING MADE TO EXPAND MARKETS AND QUANTITIES OF CEREAL EXPORTS?

(F) WHY WERE EXPORTS OF COTTONSEED, COTTONSEED CAKE AND LINSEED SUSPENDED IN JULY 1973? HAVE THEY BEEN RESUMED? ARE THERE ANALYSES/PROJECTIONS OF COMPARATIVE GAINS FROM POTENTIAL EXPORTS OF THESE PRODUCTS VERSUS EFFECTS OF RESTRAINING DOMESTIC DEMAND? WHAT ARE THE PROJECTED AVAILABILITIES OF OLIVE OIL FOR EXPORT?

(G) WHAT ARE PROJECTIONS AND PROSPECTS FOR INCREASED MINERAL EXPORTS -- PARTICULARLY NICKEL, MAGNESITE, ETC.? ARE BETTER EEC RELATIONS EXPECTED TO BOOST EXPORTS? WHAT ARE BAUXITE AND ALUMINUM MAXIMUM PRODUCTION CAPABILITIES AND EXPORT EXPECTATIONS?

(H) WHAT ARE EXPORT PROJECTIONS FOR CITRUS FRUITS, OTHER FRESH FRUITS AND PRESERVED FRUITS AND VEGETABLES? WHAT ARE INVESTMENT PLANS (FOREIGN AND DOMESTIC) TO EXPAND THIS SECTOR?

(I) WHAT ARE PROJECTED GROWTH FIGURES FOR EXPORTS OF TEXTILES, FOOTWEAR, LEATHER ARTICLES (WHICH ALL SHOWED STRONG

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EXPORT GROWTH IN 1973)?

(J) WHAT WOULD BE THE EFFECT OF VARIOUS LEVELS OF DEVALUATION ON EXPORTS?

(K) WHAT ARE CURRENT AND PROSPECTIVE EXPORT INCENTIVE AND PROMOTION PROGRAMS?

3. IMPORTS

(A) WHAT ARE PROJECTED LEVELS OF MAJOR IMPORTS FOR 1975-77 UNDER EXPECTED CONDITIONS AND UNDER CONDITIONS OF IMPOSED SELECTIVE IMPORT RESTRAINT? WHAT WILL BE THE RATIO OF INVESTMENT GOODS AND RAW MATERIALS TO CONSUMPTION GOODS?

(B) HOW ARE DOMESTIC ECONOMIC DEVELOPMENTS EXPECTED TO AFFECT THE OVERALL LEVEL OF IMPORTS?

(C) HOW MUCH (AND WHAT PERCENTAGE OF TOTAL FUELS WILL BE IMPORTED IN THE FORESEEABLE FUTURE? TO WHAT EXTENT ARE DEMAND RESTRAINT PROGRAMS FEASIBLE?

(D) ARE THERE PROGRAMS TO LESSEN RELIANCE ON IMPORTED FOODSTUFFS (PARTICULARLY WHEAT AND OTHER GRAINS, MEAT AND DAIRY PRODUCTS)? WAS 1974 AN UNUSUAL YEAR IN THAT THERE WERE HEAVY WHEAT IMPORTS COMPARED TO NEGLIGIBLE AMOUNTS IN PREVIOUS YEARS? WHAT EFFORTS ARE BEING MADE TO INCREASE PRODUCTION TO ENSURE SELF-SUFFICIENCY OR A POSSIBLE EXPORT CAPABILITY?

(E) WHAT EFFECT DID ADVANCE DEPOSIT REQUIREMENTS HAVE ON IMPORT LEVELS? WHAT KIND OF RESTRICTIVE MEASURES (SIMILAR TO THOSE LIFTED 12/31/74) COULD BE INSTITUTED? TO WHAT EXTENT WOULD MORE ADVANCE DEPOSIT REQUIREMENTS DAMPEN DEMAND?

(F) WHAT IS THE PROJECTED RATIO OF IMPORT DUTIES TO THE VALUE OF ALL GOODS TAXED? WHAT WOULD THE RATIO BE IF CONSUMPTION AND TURNOVER TAXES ARE INCLUDED?

4. NET RECEIPTS, DONATIONS, ETC.

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(A) WHAT ARE PROJECTED EMIGRANTS' AND WORKERS' REMITTANCES? WHAT IS ABSORPTIVE CAPACITY OF ECONOMY TO HANDLE THE RETURN OF WORKERS TO GREECE (ESPECIALLY FROM GERMANY)?

(B) WHAT ARE PROJECTIONS ON SHIPPING REMITTANCES? WHAT IS PROJECTED FUTURE INVESTMENT IN SHIPPING INDUSTRY?

(C) WHAT ARE PROJECTIONS ON SHORT- AND MEDIUM-TERM TOURISM GROWTH? HOW IS THE WORLD-WIDE RECESSION EXPECTED TO AFFECT THIS SECTOR? WHAT PLANS ARE BEING MADE FOR INVESTMENT IN TOURISM, PARTICULARLY HOTELS?

5. CAPITAL MOVEMENTS

(A) WHAT ARE PROJECTIONS FOR LONG-TERM CAPITAL INFLOWS, TO

THE PRIVATE AND PUBLIC SECTORS?

(B) WHAT ARE PROJECTIONS FOR SHORT- AND MEDIUM-TERM CAPITAL INFLOWS, TO PRIVATE AND PUBLIC SECTORS?

(C) WHAT IS THE PRESENT AND PROJECTED PROPORTION OF INVESTMENT FINANCED BY DOMESTIC SOURCES COMPARED TO FOREIGN INVESTMENT? WHAT IS THE EXTENT OF PLANNED OR PROSPECTIVE PROGRAMS TO ENCOURAGE FOREIGN INVESTMENT?

(D) WHAT IS PROJECTED AVAILABILITY OF IMF DRAWINGS, ASSISTANCE FROM NEW OIL FACILITIES, AND OTHER EXTERNAL AID SOURCES?
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6. DEBT

(A) WHAT IS TOTAL OUTSTANDING PUBLIC AND PRIVATE DEBT, INCLUDING MILITARY, BROKEN DOWN BY MAJOR CREDITORS?

(B) WHAT ARE THE DEBT SERVICE PAYMENTS DUE, BROKEN DOWN BY MAJOR PUBLIC AND PRIVATE CREDITORS (INCLUDING MILITARY CREDITS), FOR THE PERIOD 1975-1980? WHAT IS THE BREAKDOWN BY SHORT-, MEDIUM-, AND LONG-TERM PUBLIC AND PRIVATE DEBT?

(C) WHAT IS THE DEBT SERVICE RATIO FOR THE PAST THREE YEARS
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AND PROJECTED 1975-1980?

(D) FOR PURPOSES OF COMPARISON WITH OUR OWN RECORDS, WHAT DO GREEK GOVERNMENT RECORDS SHOW FOR BREAKDOWN OF USG DEBT BY U.S. AGENCY, INCLUDING FMS OR OTHER U.S. MILITARY DEBT?

7. GENERAL

(A) GIVE SUMMARY BALANCE OF PAYMENTS FOR 1974 AND PROJECTIONS FOR 1975, 1976 AND 1977.

(B) WHAT IS THE PRESENT LEVEL OF FOREIGN EXCHANGE RESERVES AND PROJECTED LEVELS THROUGH 1977?

(C) WHAT ATTEMPTS ARE BEING MADE TO REDUCE SIZE OF CURRENT ACCOUNT DEFICIT? ARE THERE PLANS TO HAVE LESS RELIANCE ON PUBLIC EXTERNAL SHORT-TERM BORROWINGS?

(D) WHAT ARE THE ANTICIPATED EFFECTS OF THE HIGH COST OF OIL ON DOMESTIC SAVINGS AND INVESTMENT?

(E) HOW IS GREEK INDUSTRY EXPECTED TO REACT TO THE LOSS OF ITS TARIFF PROTECTION AGAINST EEC PRODUCTS?

(F) WHAT ARE GOG INTENTIONS CONCERNING MONETARY REFORM? WILL THE DRACHMA STILL BE TIED TO THE DOLLAR, OR WILL IT BE TIED TO A BASKET OF EUROPEAN CURRENCIES?

(G) WHAT ARE CURRENT IMPLEMENTATION PLANS FOR MAJOR PROJECTS, INCLUDING THE FOREIGN EXCHANGE COMPONENTS, EXTERNAL CAPITAL REQUIREMENTS? THESE WOULD PRESUMABLY INCLUDE THE

ATHENS SUBWAY, NUCLEAR POWER, GROUND SATELLITE STATIONS, ETC. INGERSOLL

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